

## Message Text

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ACTION EA-12

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C O N F I D E N T I A L SEOUL 7755

E.O. 11652: GDS  
TAGS: SOCI ETRD ELAB SEDU  
SUBJ: NEW ECONOMIC MEASURES

(UNCLASSIFIED)

1. THE ROKG ANNOUNCED AUGUST 29 A NEW SET OF ECONOMIC STABILIZATION MEASURES, INCLUDING SUBSTANTIAL IMPORT LIBERALIZATION, WORTH \$500 MILLION, A SUBSIDY SO THAT COAL PRICES DO NOT HAVE TO BE RAISED, A RAISE IN THE PRICE OF ELECTRICITY FOR INDUSTRIAL USE ONLY, AND EXPANDED ENROLLMENT FOR 50,000 IN UNIVERSITIES AND TECHNICAL COLLEGES TO INCREASE THE SUPPLY OF SKILLED AND PROFESSIONAL MANPOWER. (END UNCLASSIFIED)

2. (BEGIN CONFIDENTIAL) AN EPB SOURCE TELLS US THE MEASURES ANNOUNCED BY PRESIDENT PARK TO A MEETING OF THE CONCERNED MINISTERS YESTERDAY, WERE CONSIDERABLY MORE EXTENSIVE THAN REPORTED BY THE PRESS. THE ACTUAL VALUE OF IMPORTS TO BE LIBERALIZED WAS PUT AT \$1 BILLION, OVER AND ABOVE THE MEASURES ALREADY TAKEN THIS YEAR (WORTH AN ESTIMATED \$500 MILLION A YEAR, BASED ON IMPORTS SO FAR). HALF WOULD BE IN A ONE TIME IMPORT PROGRAM AND HALF IN ADDITIONAL PERMANENT LIBERALIZATION  
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MEASURES. THE SPECIFIC COMMODITIES COVERED HAVE YET TO BE ANNOUNCED. THE OBJECTIVE IS TO CONTROL INFLATION.

3. A SECOND MEASURE CALLED FOR LIMITING THE DEFICIT IN THE GRAIN MANAGEMENT FUND, IN ORDER TO GET ROKG EXPENDITURES AND REVENUES INTO BALANCE. THE ROKG

PLANS TO CONTROL EXPENDITURES BY SPECIFYING NOW WHAT IT WILL SPEND TO ACQUIRE RICE AND ADJUST THE PRICE ACCORDING TO THE SIZE OF THE CROP. SINCE THE CROP WILL BE LARGE THIS YEAR, ACCORDING TO CURRENT PROJECTIONS, THE ROKG ACQUISITION PRICE APPARENTLY WILL OF NECESSITY NOT BE ALLOWED TO INCREASE MUCH.

4. ANNOUNCEMENT OF 50,000 NEW UNIVERSITY AND TECHNICAL COLLEGE PLACES IN 1979 WILL IN FACT BE AUGMENTED BY 75,000 IN 1980, AND 95,000 IN 1981, THE TOTAL, 220,000 DWARFS PRESENT ENROLLMENT OF 130,000 AND MEANS THAT KOREA WILL HAVE MORE THAN A MILLION STUDENTS IN COLLEGE LEVEL SCHOOLS BY THE END OF THE PERIOD. THE INCREASE IS ONLY SLIGHTLY MORE THAN THE 180,000 CURRENTLY QUALIFYING HIGH SCHOOL GRADUATES TAKING COLLEGE ENTRANCE EXAMS WHO ARE REFUSED ENTRY EACH YEAR FOR LACK OF PLACES.

5. IN ADDITION THE ROKG WILL APPARENTLY ALLOW A MUCH LARGER NUMBER OF KOREANS TO STUDY ABROAD, A MEASURE TAKEN AS MORE IMPORTANT THAN BUT ALSO IN ANTICIPATION OF COMPLETELY LIBERALIZED TOURISM, WHICH IS TO COME SOME TIME IN THE EARLY 1980'S.

6. ONE EPB SOURCE WHO HAS BEEN ACTIVELY PUSHING THE LAST TWO MEASURES, DESCRIBES THEM AS THE MOST CONFIDENTIAL

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SOCIALLY REVOLUTIONARY OF ANYTHING DONE IN RECENT YEARS. WITH A HIGHLY EDUCATED LARGE MIDDLE AND PROFESSIONAL CLASS, HE SAID, THE ROKG WILL NO LONGER BE ABLE TO GOVERN WITHOUT SUBSTANTIALLY INCREASED PUBLIC PARTICIPATION AND A LESSENERED DEGREE OF AUTHORITARIAN RULE. THE MEASURES ARE APPARENTLY HIGHLY POPULAR WITH THE MIDDLE CLASS, PARTICULARLY THE CIVIL SERVANTS, BUT WERE SOLD TO THE BLUE HOUSE STAFF ON ECONOMIC GROUNDS. SECRETARY GENERAL KIM CHONG YOM IS ASSUMED, SURPRISINGLY, TO HAVE SOLD THE PRESIDENT WITH THE SAME ARGUMENTS.

7. THE MINISTER OF EDUCATION WAS REPORTEDLY NOT PRESENT AT THE BLUE HOUSE MEETING SO THAT THE SECOND AND THIRD YEAR EDUCATION PROGRAMS WERE NOT MADE PUBLIC. HOWEVER, OUR EPB SOURCE SAYS HE WAS PRESENT AT EARLIER EPB MEETINGS AND THAT HE THEN INDICATED HIS SUPPORT. NEWS STORIES TODAY REPORT THAT THE BUREAUCRATS IN THE MINISTRY DO NOT BELIEVE THE PLAN IS FEASIBLE; EPB HAS ASSUMED ALL ALONG THEY WOULD OPPOSE ANY SIGNIFICANT EXPANSION, AS THEY BELIEVE IN AN ELITIST EDUCATIONAL SYSTEM WHICH PRESUMES LIMITED

ENTRY.  
GLEYSTEN

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## Message Attributes

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